



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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RSC BUDGET IS GOOD FOR TAXPAYERS

As the House gets set to debate the Fiscal Year 2004 budget, the Republican Study Committee budget is good for American taxpayers. The budget will be balanced in four years by addressing the real reason the budget is not balanced: overspending. The budget also provides real tax relief for working American families and businesses.

Spending has grown at rates far exceeding the growth of working family's incomes. In fact, discretionary spending has increased at an average rate of 3 ½ times the rate of inflation. The growth of spending must be slowed and the RSC budget achieves this goal by:

- Freezing discretionary spending in 2004.
- Allowing discretionary spending to increase at half the rate of inflation in 2005 and 2006.
- Subsequently, discretionary spending will grow by the rate of inflation from 2007 through 2013.

The nation also faces a looming fiscal threat from the increasing cost of entitlement spending. RSC's budget addresses this problem by reforming entitlement programs and controlling costs. Without these provisions, the federal budget will be facing a financial train wreck and thus, places American taxpayers at risk.

At the same time, RSC's budget provides pro-growth, job creating tax cuts that will improve the budget situation by increasing economic growth. These provisions include making the 2001 tax cuts permanent, include all of President Bush's 2003 Economic Growth and Jobs tax cut package, AND cut the capital gains rate to 10 percent.

As such, the tax cuts included in the package addresses the exact imbalances in the US economy by stimulating new business investment, providing middle-class tax relief for working families, and increasing the stock market.

Overall, the RSC budget addresses the looming problems facing the federal budget in the short and long-term by restricting the growth of discretionary spending and reforming entitlement programs. Moreover, by providing pro-growth tax cuts, the economy and federal revenues will be improved under the plan.